Agenda Item 3
12/17/08 Meeting

Managed Risk Medical Insurance Board
November 19, 2008, Public Session

Board Members Present:	Cliff Allenby (Chairman), Areta Crowell, PhD, Sophia Chang, M.D., M.P.H., Richard Figueroa.
Ex Officio Members Present:	Ed Heidig (Business Transportation and Housing Agency) and Bob Sands (California Health and Human Services Agency).
Staff Present:	Lesley Cummings, Executive Director; Janette Lopez, Chief Deputy Director; Seth Brunner, Acting Chief Counsel; Terresa Krum, Deputy Director for Administration; Ernesto Sanchez, Deputy Director for Eligibility, Enrollment, and Marketing; Shelley Rouillard, Deputy Director for Benefits and Quality Monitoring; Thien Lam, Operations Division Manager in the Eligibility Division; Brian O'Hara, Enrollment Entities and Certified Application Assistant Section Manager in the Eligibility Division; Larry Lucero, Manager, Special Projects Section in the Eligibility Division; Sarah Soto-Taylor, Project Manager in the Eligibility Division; Mary Watanabe, Research Analyst in Benefits and Quality Monitoring; Kathy Dobrinen, Contract and Marketing Manager in the Eligibility Division; Naomi Yates, Policy Manager in the Eligibility Division; Renee Mota-Jackson, Project Manager, Benefits and Quality Monitoring; Loressa Hon, Financial Operations Manager, Maria Angel, Legal Secretary; and Stacey Sappington, Executive Assistant to the Board.

Chairman Cliff Allenby called the meeting to order at 10:31 a.m. The Board then went into Executive Session. It reconvened for Public Session at 11:42 a.m.

REVIEW AND APPROVAL OF OCTOBER 22, 2008 PUBLIC SESSION MINUTES

The Board reviewed the minutes from the October 22, 2008 meeting and unanimously approved them.

The document is located at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_102208/102208_Minutes.pdf

STATE BUDGET UPDATE

Current Year Deficiency in the Healthy Families Program: Consideration of Findings Authorizing Implementation of Waiting List

Chairman Allenby indicated that the next discussion item concerned a potential current year deficiency in the Healthy Families Program (HFP). The Board does not intend to act on this matter today, but rather to listen and cogitate.

Ms. Cummings informed the Board that HFP has a General Fund shortfall consisting of two parts. The first part is a deficiency resulting from the fact that the enacted budget presumed that the HFP budget balancing reductions (BBR's) would be implemented on November 1, 2008 when, in fact, they will be implemented on February 1, 2009. Trailer bill language adopted with the budget directs MRMIB to implement the BBR's five months after the budget was signed-February 1. But the funding provided presumed earlier implementation-November 1. These BBR's are an increase in premiums for families with incomes above 150 percent of the federal poverty level and a decrease in plan rates. It takes five months to implement the BBR's because MRMIB has to conduct rate and service area negotiations with participating plans, produce open enrollment materials in five different languages, conduct open enrollment for 900,000 enrollees, and transfer subscribers to different plans, as appropriate. The monetary difference between implementing the reductions in November versus February is a deficit of $14.1 million in state funds with a total fund impact of over $42 million.

The second of the shortfall involves an assumption that the increase in HFP premiums would result in a HFP caseload decrease. It was believed that the caseload decrease would result in a reduction of $3 million in state funds-$9 million in total funds. Given the severe economic downturn which has occurred since the budget was enacted, staff are no longer confident that this caseload decrease will occur.

The two issues together indicated a General Fund shortfall of $17.1 million in the current year. Ms. Cummings reported that itit is theoretically possible to make additional benefit changes to HFP and to increase cost-sharing for subscribers. However, these types of changes must be authorized in statute and would require a five month implementation period. Thus, it is not possible to rely on these types of changes to address the current year shortfall.

Ms. Cummings explained that there have been HFP shortfalls in prior years. But they occurred in an economic situation where the Legislature and Governor could provide the funding needed to eliminate the shortfall. HFP has been blessed to have had strong support from the Governor and the Legislature. Despite this strong support, it is not clear that policy makers will be able to provide funding to address this shortfall as the budget situation is dire. The state and country are facing a very difficult economic situation, so one cannot presume that funding will be provided, leaving the Board to

make decisions based upon what it can control.

Chairman Allenby commented that, in fact, the Board's options were laid out in statute. The statute says if the Board is aware that there will be a funding shortfall, it must act to alleviate the shortfall so that program costs remain within the funds budgeted. The Legislature clearly directed the Board to manage the program so that it functions within available funding.

Ms. Cummings noted that the memo she had written to the Board on the shortfall issue includes the specific statutory language obligating the Board to manage enrollment within the funding provided.

California's program is the largest in the country. There are currently over 900,000 children currently enrolled. This number is greater than the combined enrollments of states with the second, third and fourth highest enrollment. As previously mentioned, the program has had incredible support from California policy makers though California gets two federal dollars for one state dollar. But providing funding for the state share of cost is a challenge, particularly in such a struggling economy.

Ms. Cummings explained the Board's options. It cannot make any meaningful changes to the benefits, as doing so would take a statute. It cannot reduce eligibility for the program, as doing so would take a statute. Instead, the Board can limit enrollment. The Board adopted regulations in 2007 in the face of the federal SCHIP shortfall which provided for two methods of limiting enrollment. The first is to stop enrolling new children. The other is to actually disenroll children when they reach their annual eligibility review. Staff is aware that the Board has strong feelings about disenrolling currently enrolled children and would place a high priority on avoiding implementing that approach. This leaves restricting new enrollment. And, in order to save the funds to avert a $17.2 million shortfall, the Board would have to establish a waiting list in mid-December.

Staff do not recommend that the Board take action at this meeting to establish a wait list in December. Rather, staff suggests that the Board hear from the public at this meeting and defer action to its December 17 meeting should the shortfall still face the Board. However, the waiting list would have to go into effect the very next day.

Ms. Cummings noted that many people ask how many children would be affected. Of course, it is difficult to precisely estimate the number. If there is a caseload decrease associated with the premium increases as planned for in the budget, the number would be around 100,000 children. If the enrollment decrease doesn't happen, the number would obviously be higher.

The Board has received several letters from stakeholders that have been included in the Board's packet. It also includes an editorial from the San Jose Mercury News, a Sacramento Bee news article and an article from Health Affairs that assesses the lessons learned from states that implemented waiting lists between 2001 and 2003.

These documents are located at:
http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/agenda_item_4a.pdf

Ms. Cummings apologized for having to bring this difficult issue to the Board. Staff is well aware that arresting enrollment in HFP is the last thing in the world the Board wants to do. However, doing so may be the Board's obligation.

Chairman Allenby asked for comments or questions from the Board.

Dr. Crowell commented that the program has many supporters and expressed appreciation for efforts to obtain funding to eliminate the shortfall. The Board is proud of the program, and certainly doesn't want it hurt.

Chairman Allenby called for comments from the public. He asked that speakers identify themselves and not repeat point made by a previous speaker.

Cliff Sarkin spoke on behalf of the Childrens Defense Fund, 100 Percent Campaign and PICO California. Mr. Sarkin stated that those present to testify on the waiting list issue would be making three central points. The most important is how detrimental imposing a waiting list is going to be. Families with children in HFP will talk to the Board about what Healthy Families has meant for them and what would have happened to their children had they not had access to HFP. The second issue is what the Board's options really are. The third is what, potentially, the Board can do in the interim.

Mr. Sarkin pointed out that up to 150,000 to 160,000 children could be on the waiting list at the end of the six-month period which would be the end of the current fiscal year. Getting funding to get the children off the waiting list for the budget year would be difficult in the current budget environment. California would be the only state in the country to have a waiting list, a major departure from a year ago when California was leading the nation in efforts to cover all children. The need for HFP and Medi-Cal are greater than ever during the present economic downturn. Further, establishing a wait list will hurt California during the SCHIP reauthorization activity as the state's inability to put up the state share for currently eligible children will raise questions about the federal funding it needs.

MRMIB staff recommends imposing a waiting list under the assumption that it would be worse to disenroll children already enrolled. But establishing a waiting list will also impact currently enrolled children. Rumors are going to be spread that Healthy Families is closing. Parents of children currently enrolled will be confused, thinking the program is no longer available and will not return the required paperwork for continued coverage.

The Board can defer action until February and still manage to stay within existing funding if need be by a combination of a wait list and disenrollment. The federal government is extremely likely to provide states with an economic stimulus package very early in the new administration that would provide California with between $2 and $4 billion dollars.

The funds could be used for almost every purpose including filling the HFP funding shortfall. Further, Senator Steinberg, the President Pro Tempore elect has been quoted as saying that children's health coverage is one of his major priorities. He has publicly urged the Board not to establish the waiting list given what's happening.

The advocate community urges the Board to hold off as there are other options. Advocates appreciate that the Board is holding the hearing today but also urge the Board to write to the Legislature and the Governor asking them to make funding the program a priority.

Chairman Allenby thanked Mr. Sarkin for his testimony.

David Ford spoke on behalf of the California Medical Association (CMA). Mr. Ford emphasized the need for HFP in the present challenging economic times. California's unemployment rate is climbing, and with that the ranks of the uninsured grow. It is extremely discouraging when health coverage programs are needed the most and the doors close. Children on the waiting list will still get sick; they just will be unable to see a primary care physician. Government will spend more on the children because they're going to be in emergency rooms which are already overburdened. Or worse, they're going to forego care all together.

CMA does not intend to just complain. It is working at the federal level on SCHIP reauthorization. It is working at the state level to try to find funding for the shortfall. Over the course of the next month, the conversation should be about where to find the resources to support the program.

Chairman Allenby thanked Mr. Ford for his testimony

Terri Cowger Hill spoke on behalf of the 100 Percent Campaign, the California WIC Association, and the California Children's Hospital Association. If children are wait listed, they will turn up for care in the emergency rooms of the Children's Hospitals. They will receive episodic care which, for the most part, will be billed to Medi-Cal with its 50/50 match. It makes much more sense to provide children front end: preventative care, immunizations, and full comprehensive health care in Healthy Families with its 65/35 match. The state gets much more for its money getting children in for primary care rather than waiting until they're severely ill or injured and being treated in Children's Hospital emergency rooms. The Board should think about this for a month and engage the Legislature and the Governor. The organizations Ms. Cowger-Hill represents want to be of assistance so that vulnerable children are not placed on waiting lists.

Chairman Allenby thanked Ms. Cowger-Hill for her testimony.

Leona Butler, spoke on behalf Santa Clara Family Health Plan, of which she is the CEO, as well as on behalf of the Local Health Plans of California. She acknowledged the Board for its hard work and indicated that she is well aware that the proposal is not one that the Board takes lightly. The Board has been well advised to wait until December for

action because doing so provides time to explore alternatives. One alternative is to turn to the First Five Commission to fund children 0-5. While some might think there is a supplantation issue, it is possible to address it by placing all children through age five into a special program called First Five Healthy Families. This would free up dollars for the rest of the program to pick up the 6 through 18 year olds. There is interest among several parties in exploring this approach. Secondly, when California gets enhanced federal match for Medicaid, the funds certainly could be used to fund the HFP shortfall.

Speaking only for Santa Clara Family Health Plan (SCFHP), Ms. Butler indicated that her plan would be willing to accept an additional rate reduction back to November or even July if doing so would permit enrollment of children. SCFHP's budget presumed that the five percent rate reduction would be implemented July, so it is able to offer up the funds.

Dr. Crowell complimented Ms. Butler and noted her upcoming retirement. Creativity and generosity has always been the mark of her contribution in this program. Dr. Crowell and Chairman Allenby thanked Ms. Butler for her many contributions. Ms.Butler noted that she would remain involved as she will still be serving as the CEO Emerita. The audience applauded and Chairman Allenby expressed his satisfaction that Ms. Butler will still be working on children's' health coverage.

Michelle Wood spoke on behalf of the Community Health Councils and the California Covering Kids and Families project. The organization represents over 65 organizations that outreach and enroll children and families in the Medi-Cal and Healthy Families programs. Ms. Wood urged the Board to hold off imposing a wait list. The Governor and the Legislature have the responsibility to fully fund the program. Programs like Healthy Families are here to really help families in times of crisis.

Implementation of a waiting list would result in irreversible harm to the program. According to a recent report released by the National Academy for State Health Policy (NASHP), the state of Florida found that when it opened back up to new enrollment after a two-year period with a wait list (2003 -2004) enrollment continued to decline. This is because many families with children eligible for the program were either unaware that the enrollment reopened, or were reluctant to embrace the program. As of 2007, only 12 percent of the children that originally lost coverage have been added back into the Kid Care program.

Closing enrollment will jeopardize the outreach and enrollment infrastructure in the state. The state and local communities have built up this structure over the ten-plus years of the program's existence. Further, study after study evaluating the local children's' health initiatives have shown that the best approach for enrolling eligible children is to cover all children. If HFP is closed it will diminish the capacity to market all of the programs. It undermines all of them and will result in enrollment decreases in all of them: Medi-Cal, Health Kids, and local health insurance programs.

Chairman Allenby thanked Ms. Woods for her testimony.

Bonnie Fererra spoke on behalf of the California Children's Health Initiatives (CHI's). Ms. Fererra commended the MRMIB staff for working with the CHI's through the years to build the program up to its present level of 900,000 children. She complimented the staff on having great communication with those working to advance children's health coverage. The 30 CHIs throughout the state have contributed significantly to success in chilldren's health coverage by assisting hundreds of thousands of children to enroll into Healthy Families, Medi-Cal and the Healthy Kids programs. The Board should think long and hard about taking an action with such deleterious consequences. All involved should look for a solution, that is creative and innovative and sustains prevent achievements.

What is different for the CHI's than some of the other advocates is that they are working directly with the families every day. The CHI's are their last hope to either engage them in a medical home or to qualify them. It is clear that having an option to cover all children, including the Healthy Families program, increases enrollment in all programs. A cut to one is a cut to them all.

The CHI's have brought two families to the hearing, Fabiola Mondragon comes from the Sacramento CHI and Katie Becker comes from the Napa CHI. They would like to tell the Board what HFP coverage has meant in their families.

Ms. Fererra introduced Ms. Mondragon. Ms. Mondragon stated that she had been shocked to hear about the possibility of waiting list and commented that it's imperative to keep the Healthy Families Program open. Two years ago the family did not have any health coverage for the children and was in debt with medical expenses. She got a raise of about 25 cents per hour which meant that the children no longer qualified for Medi-Cal. Her three sons are currently enrolled in the Healthy Families Program. Her oldest is eight years old; the middle son is five years and seven months; and the youngest is four years old and five months. The oldest is currently being referred for counseling, services that she has sought for him for a very long time. With HFP coverage, the process for obtaining the services is going smoothly. The middle child has been diagnosed with both asthma and ADHD. Getting services for him when the family was uninsured was extremely difficult. But with HFP, he began receiving services and he's doing a lot better. Last, but not least, is the youngest, a little miracle child. When he was about five months old Ms. Mondragon noticed that something was not okay with him. She took him to the emergency room and he was diagnosed with hydrocephalus, a condition that occurs when there is excess fluid in the brain. He is also being seen by Shriners for a condition with his hips. Even with these multiple medical conditions, her son has been able to play soccer. His soccer team won ten games with his help by making three goals.

Ms. Mondragon reiterated that HFP has helped her family and that there are many other families in California that could benefit from this program. She refers many people to Healthy Families. Her children have special needs and must see a number of different specialists. It would not be possible for her family to pay $600 a month for private health insurance. Ms. Mondragon asked the Board to think not only of her children, but of the

many other families who rely on public health coverage such as Healthy Families who are struggling right now in tough times. She expressed hope that HFP will be there families that will need it in the future.

Board members thanked Ms. Mondragon for her testimony.

Ms. Fererra introduced Ms. Katie Becker. Ms. Becker, from Napa, is a single mother of four children. The eldest is nine, the twins are eight and the youngest is five. Each has been in HFP since he or she was one, so, altogether, Ms. Becker has been involved with the program for eight years. Her children are all very active, involved in school and sports. Two have asthma and require inhalers and medication for their nebulizers. As a single mom on a fixed income, she finds managing her children's health issues difficult, but it would be impossible if she had to pay for medications out of pocket. There was a time when one of the children had a virus and was hospitalized for a day. Ms. Becker indicated that if the child had not been covered under Healthy Families, she most likely would not have been able to take him to the doctor. She very much values HFP's preventative health appointments and dental coverage. HFP has made a huge impact on her life and on her children's lives.

Chairman Allenby thanked Ms. Becker for her testimony.

Karen Lauterbach spoke on behalf of the Venice Family Clinic, the largest free clinic in the country, serving over 21,000 patients a year. The clinic has been enrolling children into the Healthy Families program since the program began in 1998. Ms. Lauterbach expressed concern about the proposed wait list. In the last few months she has observed that the number of families that need Healthy Families has doubled. In this time of economic hardship, families need Healthy Families more than ever. Moreover as clinics are struggling with already existing budget cuts, an enrollment freeze will increase the amount of uncompensated care clinics incur. Families will keep coming to the clinics. She exhorted the Board to work with the advocates and see what other solutions are possible.

Chairman Allenby thanked Ms. Lauterbach for her testimony.

Al Hernandez-Santana spoke on behalf of the Latino Coalition for a Healthy California. He noted that HFP is one of the state's two or three greatest success stories in the last 15 years in the state. He thanked Ms. Butler for offering to take additional payment reductions in SCFHP to fund childrens' enrollment commenting that this is the kind of bold leadership needed at a time like this. The Board should be as bold in communications with the Legislature. While statutes and regulations do not contemplate lobbying as one of the Board's functions, the Board can write letters to the legislative leadership, and it has the Governor's ear. He urged the Board to lay out the need and detail the consequences of taking such a drastic measure. The stimulus package should provided needed relief. But policymakers also need to address tax policy. While the Board meeting is not the appropriate forum for a discussion of tax policy, it is the case that the state's present policies are stuck in the mentality of the '80s. He asked that the

Board be part of the solution, not part of the problem.

Chairman Allenby thanked Mr. Hernandez-Santana for his testimony.

Donna Gerber spoke on behalf of the California Nurses Association (CNA). Nurses can explain why any proposal to reduce Healthy Families is penny-wise and pound-foolish. The program is important affecting real people, real children. Tax policy is exactly what the Board should focus on. Ms. Gerber recollected the beginning of HFP. At the time, she was a county supervisor. She recalled the first, lengthy application, which none of the supervisors could fill out. Chairman Allenby commented that it would have been difficult for him as well. Ms. Gerber commented that the Board should be developing alternatives to imposing a waiting list and considers that it appropriate for the Board to be involved in talking about tax policy. There are proposals that the Legislature can pass by a majority vote. The Board could be leaders in trying to promote some of these. For example, financial institution data matches to improve tax collections could bring in between $35 million and $100 million. The disclosure of disparities between book and tax income for corporations would bring in somewhere between $50 million and $100 million. Withholding or improved reporting for independent contractors, an idea proposed by former Governor Pete Wilson would generate $200 million, potentially accelerating to $2 billion. There were a number of bills last year in the Legislature, just on tax collection changes, that would have produced somewhere around $101 million. The CNA would be most interested and very willing to work with the Board on any of these kinds of ideas.

CNA sponsored a bill last year, SB-1459 by Senator Yee that would have saved the General Fund $3 million by establishing a more streamlined eligibility process and eliminating a lot of the administrative costs of tracking down people who are eligible, but not enrolled in the program. Given the two-to-one federal match for HFP, the CNA believes enrollment simplification is an area that deserves aggressive and intense examination. Two-thirds of the currently uninsured children in California, those who are not yet on either Healthy Families or MediCal, are probably eligible. They just aren't in the programs. California is not drawing down the federal money to take care of them. CNA's view is that healthcare for children should be a right. CNA offers its interest and energy in developing alternatives so that you do not have to establish a waiting list.

Chairman Allenby thanked Ms. Gerber for her testimony.

Tim Shannon testified on behalf of the Childrens Specialty Care Coalition, a group of nearly 2000 pediatric subspecialists in the state. A child enrolled in HFP is deemed CCS-eligible. Children who receive services from CCS are some of the sickest children in the state. The CCS-eligible conditions include such things as cancer, congenital heart disease, and severe neurological diseases. The idea that a child needing such services would be wait listed is clearly a direction no one wants go. The Coalition wants to work with the Board to solve this problem before December 17th. And even if the answer isn't immediately apparent on that day, there will at least become good leads by then. This is one of the single most important decisions the Board will make. The Coalition is ready to

work with the Board as are many other stakeholders in the room to come up with some creative solutions.

Chairman Allenby thanked Mr. Shannon for his testimony.

Stephen Voon testified as a parent of children in HFP and a volunteer who has helped conduct outreach activities for children's health coverage for the last seven years in Fresno. This year he helped organize 16 outreach events. At the events, he sees many children who are uninsured and whose parents don't know how to obtain coverage. They refer many children to HFP. A lot of the children have dental problems and the HFP dental benefit really helps them. He was personally grateful for HFP a month ago when his oldest daughter fell down, cracked her head, and had to go to the emergency room.

Chairman Allenby thanked Mr. Voon for his testimony.

Brianna Lierman-Hintze testified on behalf of the California Association of Health Plans (CAHP). Ms.Lierman-Hintze urged the Board to delay establishing a wait list and expressed optimism that other solutions will be found. CAHP will support and assist the Board and staff in securing these alternative resources.

Chairman Allenby thanked Ms. Lierman-Hintze for her testimony.

Armando Ontiveros testified as a parent of six children who have been on Healthy Families. Mr. Ontiveros lost his wife last year to cervical cancer. His 20 year old daughter was also diagnosed with cervical cancer when she was 17 years old. Now that she is 20 he has no way of providing coverage for her. Healthy Families did help out at the beginning of it and he is very grateful for that assistance. He said he didn't know what he would have done. He wanted to come and express his appreciation to the Board.

Chairman Allenby and Dr. Crowell thanked Mr. Ontiveros for his testimony.

Alison O'Brien testified on behalf of the California Primary Care Association (CPCA) which represents over 600 not-for-profit community clinics and health centers. The clinics serve over 300,000 children on Healthy Families. CPCA, like many others at the hearing, is opposed to implementation of a wait list. Eligible children, no longer able to get on Healthy Families, will continue to come to clinics as uninsured. The clinics will have increased uncompensated care. That, in turn, will limit access for others that need care from the clinics. HFP has provided wonderful opportunities to the families of California. It is critical that an alternative can be found to the wait list.

Chairman Allenby thanked Ms O'Brien for her testimony.

Dr. Richard Pan testified on behalf of the American Academy of Pediatrics in California and Healthy Kids of the Future, a regional children's health initiative in the Sacramento

area. Dr. Pan noted the presence of the Academy's staff, Chris Calvin, and went on to discuss the impact of a waiting list on children's health from his vantage point as a pediatrician who sees HFP children. He commented that his concern was that children without coverage won't come in for services unless they have a bad problem. Prevention disappears. The children don't come in for regular checkups or screening because of the cost to the family budget. But treatable conditions will then be missed, for example a hearing problem. The child is in a critical period of development, generally from about a year and a half through four or five, where speech therapy or a hearing aid could assure that the child remains on track so that they could, when they're in school, continue to do well. The problem gets worse. It doesn't stop. When the child gets to school, the state's has to spend a lot more on special education to catch them up. And they may never actually catch up.

Another example of how critical prevention is with flu vaccine, something recommended for every child under 18. The benefit of vaccinating children does not just accrue to children. The CDC has found that children who get the flu vaccine are less likely to pass the flu on to the elderly. They see a decrease in the expenditures for hospitalizations and deaths among the elderly when all the children are vaccinated. An uninsured child is unlikely to get an annual flu shot. This means a missed opportunity to actually reduce costs for the whole system.

Another example of the importance of regular care is a child with chronic illness like asthma. Relying on emergency care for such a child is not cost-effective. What is needed is to ensure that the child is on maintenance therapy. A family with no coverage is unlikely to fill a prescription needed to treat the condition. Parents will wait till the kid is getting really really sick before seeking treatment. The child will get sick again and come back to the emergency room again. Perhaps he or she will have to be admitted to the hospital. The cost of treating a child under these circumstances is much higher than the child had ongoing maintenance therapy.

One can't suspend a child's health problems while the child sits on a waitlist. In the overall scheme of things, doing so will cost more money. The story of prevention is one less appealing to the news media. Treatment of a sick child makes for a good story. The story of prevention is that a child is fine because his or her conditions were detected and treated. Dr. Pan thanked the Board for all that it has done to promote prevention and early intervention. This is the big story: All the children with conditions prevented, with problems addressed so they can do well in school and be productive citizens, all the illnesses and hospitalization and emergency room visits that didn't happen, the things that didn't have happen because children had coverage. If the Board puts children on a wait list, the story will be about children who had to be saved because they weren't taken care of.

Noting the federal funding ratio of $2 for every state dollar, Dr. Pan asked why California would not want to bring these funds into the California economy. He urged the Board to think creatively and find a solution rather than establishing a wait list.

Chairman Allenby thanked Dr. Pan for his testimony.

Beth Abbott testified on behalf of the Health Access Foundation. Ms. Abbott commented that she has a special feeling about HFP since she was the Regional Administrator of CMS at the time that it was created. In those days, she spent a lot of time working with California on improvements to HFP. The program has done extremely well and it is ironic that she finds herself pleading with the Board not to take the drastic action of creating a waitlist. She urged the Board to act as advocates for the program, to push to find solutions. Doing so may be nontraditional, but the Board is highly respected by decision makers. Establishment of a waiting list would have a disastrous impact on the program. California has always been at the forefront, leading the nation in all sorts of ways. And there are significant federal match dollars involved. Ms. Abbot indicated that she had attended a meeting with members of the Obama transition team and was encouraged to hear the likelihood of a stimulus package early in the administration. With strong advocacy on the Board's part and a very determined approach, there could be several solutions that might achieve some benefits for the program.

Chairman Allenby thanked Ms. Abbott for her testimony.

Cliff Coates testified on behalf of Healthy Kids in Sonoma County. He noted that Sonoma County has done a fabulous job of insure all children in the county. A recent survey indicates that 97.5 percent of the children in Sonoma County are insured. But the whole system relies on Healthy Families and Medi-Cal as the cornerstones for our enrollment. Establishing a wait list in HFP would undermine the county's ability to continue with this achievement. Mr. Coates offered to help with any solution that might be found.

Chairman Allenby thanked Mr. Coates for his testimony.

Al Hernandez spoke again on behalf of the Latino Coalition. He pointed out that 60 percent of the HFP population is Latino—a rate even higher in Los Angeles County. HFP has provided tremendous improvements in the life of those children and their families.

Chairman Allenby thanked Mr. Hernandez for his testimony. He thanked the audience for attending the meeting and assured everyone that the Board would do whatever possible to avoid taking the action staff has suggested. He urged stakeholders and advocates to continue their attention to the issue. He then announced a short break.

(Brief recess.)

Chairman Allenby noted that Items 4.b. through 6.c would be deferred until the December meeting.

<u>Review of Regulations that Increase Subscriber Premiums, Establish Dental Benefit Cap, and Modify Vision Benefits</u>

Chairman Allenby noted that the regulations were available for review and that if there were any comments to submit them to MRMIB before the December meeting.

Chairman Allenby asked for any comments or questions. There were none.

Health-e-App Public Access Update

Mr. Larry Lucero reported on the status of the Health-e Application Public Access project and noted that the next steps would be to continue pursuit of funding through the foundations. The implementation phase of the project is estimated to take about 44 weeks to complete.

Chairman Allenby asked for any comments or questions. There were none.

Advisory Panel Report

Chairman Allenby indicated that in the absence of the HFP Advisory Chair, Jack Campana, the report would be deferred to the next meeting.

Mental Health and Substance Abuse Evaluation Update.

Ruth Jacobs updated the Board on the status of the evaluation. At its June 23, 2008 meeting, the Board approved APS Healthcare Midwest as the contractor for phases two and three of the evaluation of mental health and substance abuse services provided by plans. APS signed the contract on June 30, 2008. However, the Governor's executive order of July 31, 2008 suspended a number of contracts, including this one. MRMIB obtained an exemption from the California Health and Human Services agency that allowed the contract to restart. The APS contract began again on November 1, 2008, and will end June 30, 2010. Staff will meet with APS the second week in December to revise the project timelines.

Ms. Jacobs reminded the Board of the questions that the evaluation will address: Are HFP members receiving timely and adequate mental health and substance abuse treatment? Are the health plans using standardized child and adolescent mental health and/or substance abuse screening and assessment tools? Do the demographic characteristics of HFP members present barriers to members seeking or receiving mental health and substance abuse services? Do any coordination challenges between the Healthy Families program, health plans and the counties result in barriers to the HFP members seeking or receiving services? And how can mental health and substance abuse services offered through the HFP be improved?

Chairman Allenby asked for any questions or comments. Dr. Crowell stated that she is glad to see the evaluation proceeding.

2007 Healthcare Effectiveness Data and Information Set (HEDIS) Report 2007

Mary Watanabe informed the Board that staff had produced a document detailing the results of the 2007 HEDIS report. The plans reported on 11 measures. Ms. Watanabe indicated that she would return in December to go into a detailed review of the results. For the most part, the results were good, most of the rates improved and were above Medicaid averages, as well as the state Medi-Cal average. The scores were actually very close to commercial averages.

Chairman Allenby asked for any questions or comments. Dr. Crowell congratulated Ms. Watanabe on producing an outstanding report. It was easy to read and the data jumped out. She particularly liked the executive summary. She suggested that staff also include the asthma findings in the executive summary and was gratified that the results were so good. She also thought it should include two of the not so good results, the mental health and the substance abuse results. Staff produces a separate report periodically that includes both the services given to the SED children through the counties, as well as what is delivered through the health plans. She urged staff to at least refer to the other report in the HEDIS report if it is not possible to include both sets of data in that report. When the Board discusses the findings in more detail at the December meeting, it will be interesting to talk about the fluctuation in performance levels of some of the plans. Some of the plans that MRMIB has acknowledged for performing the best in certain areas of the HEDIS reports are now not doing so well. She also would like to from the plans how they use these results to improve the delivery of service to our children. Ms. Watanabe replied that staff will also be presenting a report on plan performance profiles in a few months. This report ties together all of the quality measures including CAHPS, YAHCS and HEDIS. .

Shelley Rouillard commented that staff is also working on the mental health report Dr. Crowell mentioned. It will be presented at the March meeting. It's been awhile since that report has been done. Dr. Crowell again asked that the HEDIS report refer to it. Ms. Rouillard agreed to include the reference.

The report is located at
http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/Agenda_Item_6.h_2007_HEDIS_Report.11.19.08.pdf

2008-09 Rural Health Demonstration Project (RHDP) Award and Update

Renee Mota-Jackson informed the Board that an RHDP project the Board previously approved in Stanislaus County was sponsored by a plan (HealthNet) that is no longer available in the county. Staff instead suggest substituting two other projects, highly rated in the review process, that address obesity prevention. The projects, Sunrise Special Services and Cutler Orosi Obesity Prevention, are coordinated under Blue Cross.

Chairman Allenby asked for any discussion. There was none. He moved to approve the projects. After a motion to second, the Board unanimously approved the motion.

The document can be found at

http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/Agenda_Item_6.i111908_Update_on_RHDP.pdf

Payment for Prescription Drugs for Children with Serious Emotional Disturbances (SED) Conditions

Shelley Rouillard presented an issue paper to the Board on counties inability to obtain reimbursement for prescriptions written for HFP children being treated for SED. The Healthy Families program has a carve-out to the counties for diagnosis and treatment of children with serious emotional disturbances (SED's). Counties provide the services and are able to draw down federal SCHIP funds for services provided. HFP plans coordinate with the counties to make sure that all necessary services are provided. However, there has never been a mechanism for counties to obtain FFP for the cost of prescription drugs provided to SED children. There is no real consistent way in which children are getting these medications. Some get them from the counties and the counties fund the entire cost. Sometimes the plans will cover the costs. Sometimes the families pay for them themselves. And sometimes kids are going to go without those prescriptions if they don't have the funds to get it.

MRMIB has been working with Department of Health Care Services, the Department of Mental Health and the County Mental Health Directors Association to try to figure out a way to resolve this problem. The issue paper identifies five different options that this group has been discussing.

Ms. Rouillard reviewed the following options: Option 1 - Set up a system whereby the counties bill through the Medi-Cal fiscal intermediary for prescription drugs; Option 2 - Modify the Short- Doyle Medi-Cal system so that prescription drugs could be claimed through that process; Option 3 - carve in all treatment for SED into the Healthy Families plans and the plans would be responsible for all mental health services, including services for SED; Option 4 - Move the responsibility for providing prescription drugs to children with SED's back to the plans; and Option 5 - Have MRMIB contract with a pharmacy benefits manager. The contract could be for all HFP prescription drug claims or just SED prescriptions.

After reviewing the advantages and disadvantages of each option, Ms. Rouillard commented that there does not appear to be any easy answer. The group has been working on the matter now for about eight months. Ms. Rouillard asked for the Board's thoughts

Mr. Figueroa indicated that how to deal with SED children was one of the difficult issues the Board faced when Healthy Families was established. The approach adopted was a kind of compromise. He expressed the view that, difficult as it may be, it's time to reexamine the issue. Over the years, the Board has tried to strengthen the relationships between the health plans and counties and staff has done a lot of trouble shooting. And yet, problems remain. The Board needs to decide what makes the most sense to do. If the current system doesn't work and it can't be fixed for a variety of technical and

administrative reasons, it is time to figure out a new way to reconstruct it.

Chairman Allenby voiced his agreement. Dr. Crowell emphasized that the Board wants a system that works, a system that ensures that children get what they need. The chairman concurred. Mr. Figueroa commented that the problem has been going on for a very long time.

Chairman Allenby asked for any comments from the audience. There were none.

The issue paper can be found at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/Agenda_Item_6.j_Prescriptions_for_HFP_Children_with_SED-FINAL.pdf

2008-09 Community Provider Plan Designation (CPP) for San Joaquin County

Mohamed Nowaz, informed the Board of a necessary change in the CPP designation or San Joaguin County. Staff presented the list of county CPP designation at the October 22nd meeting. But since then the San Joaquin County CPP designation has changed from Anthem Blue Cross to Health Plan of San Joaquin. Staff today presents a revised report that reflects the change. Mr. Nowaz asked for the Board's approval. Chairman Allenby asked for any questions or comments. There were none. He indicated that the Board did not need to make a motion to make the change.

The updated report can be found at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/Agenda_Item_6.k_2008-09_CPP_Designation.pdf

Access for Infants and Mothers (AIM)

Approval of 2008-09 New Plan Contract and Plan Contract Amendments

Chairman Allenby informed the Board that the AIM plan contract amendments are almost ready, but still require some work. He suggested a motion adopting resolution designated as Item 7.c authorizing the Executive Director or her designee to negotiate, enter into, sign and execute a new agreement or agreements or amendments to existing agreements at the rates negotiated by the staff. The motion was made and seconded. The chairman asked for any comments or discussion. There was none. The Board unanimously approved the motion.

Major Risk Medical Insurance Program (MRMIP)

Semi-Annual Enrollment Estimate

Terresa Krum presented PriceWaterhouseCoopers' (PwC) recommendation on MRMIP enrollment level for the period January – December 2009. She reminded the Board that MRMIP received $10 million from the Department of Managed Health Care as a result of

SB-1379. Based on this augmentation, MRMIB offered 915 MRMIP slots. Offers began on or about October 11th. Staff will not know what the actual take up will be from those offers until December. She pointed the Board's attention to documents that summarize MRMIP enrollment and provide updated information on enrollment cap and waiting list information.

As of October 31, 2008, MRMIP enrollment was at 7227 members, a number that will increase after the offered slots are accepted. Staff estimate that as many as 600 people will take up those slots.

Based on the latest expenditure and expenditure projections, PwC recommends that MRMIP enrollment immediately return to a 7100 cap. This would mean that MRMIB would not offer any additional slots except as needed to remain at the 7,100 enrollment cap.

Chairman Allenby asked for any questions or comments. There were none.

The MRMIP enrollment report, the enrollment cap update and the PwC recommendation can be found at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/Agenda_Item_8.a_MRMIP_October_2008_Summary_11.19.08.pdf

Final Adoption of Regulations that Modify Benefits, Adds a Deductible and Establishes Coverage for Domestic Partners

Ruth Jacobs requested final adoption of regulations, presented as Item 8.e, that modify benefits, adds a deductible and establishes coverage for domestic partners. The Board initially approved these regulations at the September 19, 2007 meeting. The proposed regulations update existing regulation language to be in compliance with the Domestic Partnership Rights and Responsibilities Act of 2003. They clarify the Board's authority to determine and authorize subscriber deductibles. They remove confusing language on preventative services. And they clarify language regarding covered immunizations for adults and children.

The proposed regulations were noticed to the public on September 19, 2008. A public hearing was held on November 3, 2008, and no one appeared at the hearing. The Board received one public comment from the Health Rights Hotline that discussed two issues related to the MRMIP application, not the regulations. The Health Rights Hotline comment and MRMIB's response are in the Board's packets.

Staff realized after the regulations were noticed to the public that the language changes to the benefit section of the regulations did not mirror the Knox-Keene Act. The regulations have been revised to exactly mirror the Knox-Keene benefits language. Further, staff inadvertently failed to make one small change as part of a series of changes incorporating the Domestic Partnership Rights and Responsibilities Act of 2003. The regulations have been revised to be consistent with that Act, a change concerning

the definition of what is a dependent child. Both of these changes were clerical oversights, not substantive changes, and therefore renotice to the public is not needed.

Chairman Allenby asked for any questions or comments. There were none. A motion to approve the regulations was made and seconded. The Board unanimously approved them.

Documents associated with the regulation package can be found at http://www.mrmib.ca.gov/MRMIB/Agenda_Minutes_111908/Agenda_Item_8.e.1_R-3-08.pdf

There being no further business to come before the Board, Chairman Allenby duly adjourned the meeting at 1:17 p.m.